

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**BOARD OF ADMINISTRATION**  
**2008 Legislative Year**

**Status as of October 1, 2008**

**D - Vetoed Bills**

<b>Bill Number Version</b>	<b>Author</b>	<b>Status</b>	<b>Board Position</b>
<b>AB 2</b>	Dymally	09/30/2008-Vetoed by the Governor	
<b>Summary:</b>	<b>MRMIP: Pay or Play</b>  Requires health care service plans and health insurers to elect to either make available all of its group or individual health benefit plans to individuals in each service area, or to alternatively pay a fee covering its market share, as determined by MRMIB based on covered lives. August 14, 2008 amendments define "covered lives" as individuals who receive health care coverage provided or indemnified through an individual health plan contract or individual health insurance policy.		
<b>Veto Message:</b>	I am returning Assembly Bill 2 without my signature. The state's high risk pool was enacted in response to the failure of the health insurance market to provide coverage to individuals with pre-existing medical conditions, even if they could afford to pay higher premiums. California has subsidized this coverage for thousands of individuals since the inception of the program. Unfortunately, creating a mandate and assessing a fee based on covered lives in the individual market is not the answer. Mandates such as this only serve to make health care more expensive for those who can least afford it. Most uninsured Californians cannot obtain coverage because they cannot afford the premiums, no matter whether they are high-risk or not. This bill would allow health insurance companies to pass the fee onto their enrollees, making it more expensive. This population is the most sensitive to price. Many must bear the entire cost of their coverage because they are self-employed or their employers do not offer coverage - a bill such as this only exacerbates their burden. Comprehensive health care reform that guarantees issuance of coverage to all individuals, along with an individual mandate, cost-containment, prevention and shared responsibility is the only solution for our health care crisis. I cannot support this bill because it provides a limited solution without addressing a much larger problem. Californians demand and deserve a solution to solve the broader challenge facing us all. Sincerely, Arnold Schwarzenegger		
<b>AB 376</b>	Nava	09/30/2008-Vetoed by the Governor	Neutral
<b>Summary:</b>	<b>Local Safety Member: Airport Police Officers</b>  Allows contracting agencies to include their airport law enforcement officers as local safety members through an optional contract amendment.		
<b>Veto Message:</b>	I am returning Assembly Bill without my signature. The historic delay in passing the 2008-2009 State Budget has forced me to prioritize the bills sent to my desk at the end of the year's legislative session. Given the delay, I am only signing bills that are the highest priority for California. This bill does not meet that standard and I cannot sign it at this time. Sincerely, Arnold Schwarzenegger		

Bill Number Version	Author	Status	Board Position
AB 524	Hancock	09/30/2008-Vetoed by the Governor	Support
<b>Summary:</b>	<b>Contracting Agencies: Service Retirement; West County Waste Water District: Health Vesting</b>		
	Gives the West County Waste Water District a contract option to provide an employer contribution at the 100/90 formula for postretirement health coverage if the employee completes at least 10 years of state service with the District at retirement, as specified. This provision only applies to district employees who are first hired on or after January 1, 2009.		
<b>Veto Message:</b>	I am returning Assembly Bill 524 without my signature. The historic delay in passing the 2008-2009 State Budget has forced me to prioritize the bills sent to my desk at the end of the year's legislative session. Given the delay, I am only signing bills that are the highest priority for California. This bill does not meet that standard and I cannot sign it at this time. Sincerely, Arnold Schwarzenegger		
AB 1887	Beall	09/30/2008-Vetoed by the Governor	
<b>Summary:</b>	<b>Mandated Benefits: Mental Health Parity</b>		
	Requires all health care service plans to provide coverage and treatment of patients with mental health disorders that is equitable to coverage provided for other medical illnesses. Would define mental illness for this purpose as a mental disorder defined in the Diagnostic and Statistical Manual IV, including substance abuse. This mandate does not apply to plans offered under PEMCHA.		
<b>Veto Message:</b>	I am returning Assembly Bill 1887 without my signature. This bill is similar to a measure I vetoed last year. Without comprehensive health care reform that fully addresses prevention, affordability, cost-containment and shared responsibility, I cannot support one-sided mandates that place additional costs on our health care system. This mandate is estimated to increase health care costs for the insured population by over \$110 million annually. Mandates like these are a significant driver of cost and mean some individuals may lose their coverage and not receive health care at all. Californians deserve better when it comes to the health care they receive. They deserve comprehensive health care reform that places a priority on prevention and wellness, provides coverage for all, promotes shared responsibility and makes health care more affordable. I remain committed to a comprehensive solution. For these reasons, I am unable to support this bill. Sincerely, Arnold Schwarzenegger		
AB 1997	Hayashi	09/30/2008-Vetoed by the Governor	Support
<b>Summary:</b>	<b>Vision Care: Local Member Annuitants</b>		
	Requires CalPERS to establish and administer the Retired Public Employee Vision Care Program for local, school and university members. This self-funded program would provide vision care coverage to specified retirees and their dependents similar to the Vision Care Program for State Annuitants administered by DPA. CalPERS proceeds only if the start-up costs are funded. In the third year, CalPERS would be required to report to the Legislature on the economic sustainability of the program.		
<b>Veto Message:</b>	I am returning Assembly Bill 1997 without my signature. The historic delay in passing the 2008-2009 State Budget has forced me to prioritize the bills sent to my desk at the end of the year's legislative session. Given the delay, I am only signing bills that are the highest priority for California. This bill does not meet that standard and I cannot sign it at this time. Sincerely, Arnold Schwarzenegger		

Bill Number Version	Author	Status	Board Position
AB 3041	Assembly PER&SS Committee	09/28/2008-Vetoed by the Governor	Sponsor
<b>Summary:</b>	<b>Technical and Minor Policy Changes</b>		
	Makes various minor changes necessary for continued effective administration of the retirement system.		
<b>Veto Message:</b>	I am returning Assembly Bill 3041 without my signature. The historic delay in passing the 2008-2009 State Budget has forced me to prioritize the bills sent to my desk at the end of the year's legislative session. Given the delay, I am only signing bills that are the highest priority for California. This bill does not meet that standard and I cannot sign it at this time. Sincerely, Arnold Schwarzenegger		
SB 840	Kuehl	09/30/2008-Vetoed by the Governor	
<b>Summary:</b>	<b>Universal Coverage: Single-Payer System</b>		
	Makes all California residents eligible for specified health care benefits under the newly created California Healthcare System, which would, on a single-payer basis, negotiate for or set fees for health care services provided through the system and pay claims for those services. Prohibits the issuance of health plan contracts for services covered by the system. Creates the California Healthcare Premium Commission (the Commission) to determine the cost of the California Healthcare System and develop a premium structure. Requires the Commission to recommend a premium structure to the Governor and Legislature on or before January 1, 2011, and to make a draft recommendation to the Governor, the legislature and the public 90 days before submitting its final premium structure recommendation. Requires that the system be operative within two years of the Secretary of Health and Human Services notifying the legislature that sufficient funds exist.		
<b>Veto Message:</b>	I am returning Senate Bill 840 without my signature. According to the Legislative Analyst's Office, the bill is estimated to cost \$210 billion in its first full year of implementation and cause annual shortfalls of \$42 billion. To place this in proper perspective – our state budget deficit this year started at \$24.3 billion. I cannot support a bill that places an annual shortfall of over \$40 billion to our state's economy. Sincerely, Arnold Schwarzenegger		
SB 981	Perata	09/30/2008-Vetoed by the Governor	
<b>Summary:</b>	<b>Health Care Coverage: Noncontracting Hospital-Based Physician Claims</b>		
	Prohibits non-contracting hospital emergency room (ER) physicians from directly billing enrollees of health care service plans (health plans) licensed by the Department of Managed Health Care (DMHC) under the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene), other than allowable copayments and deductibles, and establishes statutory standards and requirements for claims payment and dispute resolution related to non-contracting ER physician claims, including an Independent Dispute Resolution Process (IDRP).		

Bill Number Version	Author	Status	Board Position
<b>Veto Message:</b>	<p>I am returning Senate Bill 981 without my signature. This bill does not solve the problem facing California patients and only serves to highlight one of the many reasons I introduced my comprehensive health care reform proposal. Californians are paying a hidden tax on their health care which subsidizes care for the uninsured and allows providers to shift costs when they are not fully reimbursed by their payers. The insured population bears the brunt of this hidden tax and the larger it gets, fewer people are able to afford coverage. This bill, in essence, asks for California to embrace this cost-shift, reward non-contracting physicians by assuring their continued financial slice of the pie, and allow the status quo to continue. I cannot agree to a measure that is a piecemeal approach to our broken health care system. Our health care system relies on physicians, hospitals and health plans to work together. The patient that pays health insurance premiums should not be part of a payment dispute between these sophisticated market players. It is unfortunate that this bill takes sides in the dispute within the health care industry instead of taking the side of patients. Until the Legislature can send me legislation that removes that patient from all disputes involving these parties, I direct my Department of Managed Health Care to aggressively continue in its efforts to identify unfair payment practices and keep patients from being caught in the middle. Sincerely, Arnold Schwarzenegger</p>		
<b>SB 1601</b>	Negrete McLeod	09/30/2008-Vetoed by the Governor	Support
<b>Summary:</b>	<p><b>Vision Care Program for State Annuitants: Direct Billing</b></p> <p>Allows the Vision Care Program for State Annuitant's plan provider to bill an annuitant directly if there are insufficient funds in an annuitant's allowance to pay the premiums. Also adds members of legislature who have worked 6 years or more to join the vision care program after separating from Sate service.</p>		
<b>Veto Message:</b>	<p>I am returning Senate Bill 1601 without my signature. The historic delay in passing the 2008-2009 State Budget has forced me to prioritize the bills sent to my desk at the end of the year's legislative session. Given the delay, I am only signing bills that are the highest priority for California. This bill does not meet that standard and I cannot sign it at this time. Sincerely, Arnold Schwarzenegger</p>		
<b>SB 1634</b>	Steinberg	09/30/2008-Vetoed by the Governor	
<b>Summary:</b>	<p><b>Mandated Benefits: Cleft Palates</b></p> <p>Requires specified health care service plan contracts and the insurance policies to cover orthodontic services deemed necessary for medical reasons for cleft palate procedures, as specified, subject to a prior authorization and utilization review process as specified.</p>		
<b>Veto Message:</b>	<p>I am returning Senate Bill 1634 without my signature. This bill, while well-intentioned, will only serve to increase the overall cost of health care. The costs associated with new mandates means that those costs are passed through to the purchaser and consumer. They are a significant driver of cost. Every day, a growing number of employers and individuals are struggling to pay for their health care. We cannot afford to increase these costs without enacting other measures that improve efforts aimed at prevention, address affordability of care and share responsibility between individuals, providers, employers and government. For these reasons, I am returning this bill without my signature. Sincerely, Arnold Schwarzenegger</p>		